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No. 98-239

In The

SUPREME COURT OF THE UNITED STATES

October Term, 1998

HESTER INDUSTRIES, INC.,

Petitioner,

vs.

STEIN, INC.,

Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

REPLY TO BRIEF IN OPPOSITION

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The Federal Circuit Has Inconsistently Applied *Warner-Jenkinson* In Three Recent Decisions

During the year following this Court's decision in *Warner-Jenkinson Co. v. Hilton Davis Chemical Co.*, 520 U.S. 17, 117 S. Ct. 1040 (1997), the Federal Circuit has inconsistently applied that holding in three different cases. Hester's main brief discussed the *Hester* and *Litton* cases.

Since the filing of its main brief, Hester has become aware of a more recent decision where a number of the Federal Circuit judges state in dissent that the court again misapplied *Warner-Jenkinson*. *See Hughes Aircraft Co. v. United States*, 148 F.3d 1384 (Fed. Cir. 1998). Judge Clevenger's dissent (joined in by Judge Gajarsa) states that *Hughes* is contrary to *Warner-Jenkinson* because the Federal Circuit held that the doctrine of equivalents applies even where prosecution history estoppel arises from claim amendments. *Id.* at 1385-86. Because of the importance of this conflict, Judge Clevenger urges that "the Solicitor General should ask the Supreme Court to grant a writ of certiorari in this case." *Id.* at 1386. Indeed, "The question posed ... is of utmost importance to patent law" and that a "swift answer to the question is needed." *Id.*

The striking disparity of application by the Federal Circuit of the *Warner-Jenkinson* decision in both the *Hester* and *Hughes* decisions is easily illustrated. In *Hester*, the Federal Circuit applied *Warner-Jenkinson* as support for the proposition that the recapture doctrine applies in the absence of claim amendment or cancellation despite the plain language in *Warner-Jenkinson* that this Court's "prior cases have consistently applied prosecution history estoppel only where claims have been amended for a limited set of

reasons, and we see no substantial cause for requiring a more rigid rule invoking an estoppel regardless of the reasons for a change." *Warner-Jenkinson*, 520 U.S. at __, 117 S. Ct. at 1050 (emphasis added).

Moreover, in *Hester*, the Federal Circuit improperly applied *Warner-Jenkinson* even though it did not involve a reissue patent, the meaning of "error" under Section 251, or patent invalidity under the recapture doctrine. Thus, the Federal Circuit in *Hester* also improperly expanded prosecution history estoppel by, for the first time, holding that attorney argument alone without any amendment or cancellation of claims can invalidate a reissue patent.

In contrast, in *Hughes*, the Federal Circuit refused to estop the patentee from asserting all equivalents based on prosecution history estoppel even though the claims were actually amended. *See Hughes Aircraft Co. v. United States*, 140 F.3d 1470, 1477 (Fed. Cir. 1998). In fact, all of the original claims were cancelled in *Hughes* and were replaced with new claims in order to overcome cited prior art. *See Hughes Aircraft Co. v. United States*, 215 U.S.P.Q. 787, 793 (Ct. Cl. 1982).

Simply stated, in *Hester* the Federal Circuit applied prosecution history estoppel to hold that mere argument (with no amendment of claims) invalidated reissue claims under the recapture doctrine whereas, in *Hughes*, it held that even the amendment of claims to overcome prior art did not invoke the doctrine of prosecution history estoppel to preclude application of the doctrine of equivalents.[1]

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[1] Likewise, the Federal Circuit decision in *Litton* is inconsistent with *Hester*. *See Litton Sys., Inc. v. Honeywell, Inc.*, 140 F.3d 1449, 1461

The repeated, inconsistent application of *Warner-Jenkinson* justifies the grant of petitions in *Hester* and *Hughes*. Significantly, multiple petitions have been granted under similar circumstances in the past in order to clarify patent law. *See Graham v. John Deere Co.*, 383 U.S. 1 (1966); *United States v. Adams*, 383 U.S. 39 (1966).

No Factual Disputes Are Presented By This Petition

Stein's brief concedes that the only fact relevant to this petition is that Hester did not amend or cancel claims during the original patent prosecution.[2] Thus, the question is simple: "Is attorney argument alone (without claim amendment or cancellation) contemplated by the recapture doctrine under 35 U.S.C. § 251? *See Hester Indus., Inc. v. Stein, Inc.*, 142 F.3d 1472, 1481 (Fed. Cir. 1998).

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(Fed. Cir. 1998), where the court permitted the application of the doctrine of equivalents despite claim amendment to overcome prior art.

[2] The "analogy" to the three-legged chairs provided on page 3 of Stein's brief is not apt. The premise for that analogy is that a four-legged chair existed in the prior art.

In this case, however, there was no "four-legged chair" in the prior art. In Hester's situation – to make the analogy applicable – there is a five-legged chair in the prior art, but not a four-legged one. Hester argued in the original patent application that its three-legged chair claims were patentable over the five-legged chair. After issuance of the original patent, Hester realized that it could have claimed a "less than five-legged chair" and still have a patentable claim. This is what the reissue statute specifically authorizes and is exactly what Hester did.

First, Stein does not cite any legislative history to support its position. In fact, it concedes that the only discussion of Section 251 by any person involved in the drafting of the 1952 Patent Act is set forth in the writings of P.J. Federico, who was the primary drafter of that Act.

Mr. Federico wrote in his *Commentary on the New Patent Act*, 35 U.S.C.A. 1 (1954) (App. F at 83a), that "error" as used in Section 251 is to be "liberally construed, except when the reissue sought to recapture claims cancelled during the prosecution of the original patent." *Id.* at 43. Thus, the *Commentary* is clear that broadening reissue is proper in all cases except where the patentee seeks to obtain claims that were cancelled during patent prosecution.

In an effort to denigrate Mr. Federico, Stein argues that his *Commentary* is not legislative history because he "was not a member of Congress" and he had no "staff" position with Congress.[3] Stein asserts that Mr. Federico merely "acted as a consultant for the House Committee."

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[3] The Federal Circuit has taken a somewhat contradictory view of the *Commentary* as legislative history. *Compare In re Schrader*, 22 F.3d 290, 295 n.11 (Fed. Cir. 1994) (*Commentary* cited as "*See also*" with respect to legislative history); *BIC Leisure Prods. v. Windsurfing Int'l*, 1 F.3d 1214, 1221 (Fed. Cir. 1993) (*Commentary* cited as legislative history with respect to reissue statute); *Hodosh v. Block Drug Co.*, 833 F.2d 1575, 1578 (Fed. Cir. 1987) (*Commentary* cited as legislative history), *with In re Donaldson*, 16 F.3d 1189, 1193 n.3 (Fed. Cir. 1994) (*Commentary* not legislative history *per se*). In any event, the Federico *Commentary* has been cited as an authoritative indication of the meaning of the 1952 Patent Act. *See, e.g., Aro Mfg. Co., Inc. v. Convertible Top Replacement Co., Inc.*, 365 U.S. 336, 342 n.8 (1961).

That characterization is misleading since the House subcommittee on patents expressly asked Mr. Federico to draft the 1952 Patent Act, including Sections 251 and 252, in view of his position and expertise as Examiner-In-Chief of the Patent Office. *See* Hon. Giles Rich, *Congressional Intent – Or, Who Wrote The Patent Act of 1952, in Patent Procurement and Exploitation* 63-66 (1963).

Stein also ignores that Mr. Federico acted as a technical advisor or assistant during subcommittee hearings and meetings. *Id.* at 63-73. In short, Mr. Federico's *Commentary* (even if it is not legislative history *per se*) is the single most definitive source document regarding the meaning of Section 251. Congressman Crumpacker (who actively participated in the hearings as a member of the House patent subcommittee) put it best when he stated:

> When the courts, in seeking to interpret the language of the [1952 Patent] Act, go through the ritual of seeking to ascertain the "intent of Congress" in adopting same, they would do well to look to the writings of these men – Federico, Rich, Harris, and the others – as they, far more than any member of the House or Senate, knew and understood what was intended by the language used. [*Id.* at 78.]

Second, Stein incorrectly asserts that the recapture rule has been applied where there was no amendment or cancellation of claims during the original prosecution. That assertion is contrary to the Federal Circuit's opinion which considered the issue to be one of first impression. *See Hester Indus.*, 142 F.3d at 1481. Notably, the Federal Circuit rejected Stein's interpretation of the key cases cited in its opposition brief.

With respect to *James v. Campbell*, 104 U.S. 356 (1882), the patentee amended the claim during prosecution of the original patent application. In the 1880s, claims were written to relate back to the patent specification. Thus, original patent claim 1 covered a cancelling stamp device "substantially as herein described and set forth" in the specification. *Id.* at 361. Significantly, the patentee amended the specification during the original prosecution to limit the cancelling stamp to being made of "cork, rubber or other elastic substance." *Id.* at 368-69, 375-76. The reissue patent claims, however, covered "cork, wood, or other suitable material." *Id.* at 373. The Court invalidated the reissue claims because they covered non-elastic metal devices. *See id.* at 376. Thus, *James* actually holds that recapture applies where an amendment or cancellation of claims occurs during prosecution of the original application.

The other Supreme Court cases cited by Stein are irrelevant. For example, *Coon v. Wilson*, 113 U.S. 268 (1885), is not applicable since the "description [of the invention] had to be changed in the reissue, to warrant the new claims in the reissue." *Id.* at 277. Here, Hester's original and reissue specifications are identical. Thus, *Coon* merely conforms with the prohibition of the addition of "new matter" in reissues. 35 U.S.C. § 251, para. 1.

The remaining Supreme Court decisions concerned prior law that permitted the filing of reissue patent applications more than two years after issuance of the original patent. However, the 1952 Act changed that law and introduced a two-year limitation for filing a broadening reissue. *See* Federico, *Commentary*, 35 U.S.C.A. at 44-45. Thus, *Gage v. Herring*, 107 U.S. 640 (1883), and *Newton*

v. Furst & Bradley Mfg. Co., 119 U.S. 373 (1886), are not relevant since the reissues were sought in those cases more than 13 years after the original patents issued.[4]

Stein also cites two Federal Circuit decisions as support for its position. However, the Federal Circuit expressly rejected Stein's interpretation of these cases when it held that the issue in this case "has not been squarely addressed" before. *Hester Indus.*, 142 F.3d 1481.

In *In re Weiler*, 790 F.2d 1576 (Fed. Cir. 1986), the court applied the recapture doctrine to claims that were cancelled during the original prosecution. Specifically, after the original application was filed, the Examiner found that it contained 3 separate inventions and required the patentee to restrict the claims in the patent application to just one invention and to cancel the other claims. In that situation, if an applicant wishes to pursue patent protection for the cancelled claims, he must file a separate divisional application directed to those other claims. *Id.* at 1578.

Weiler cancelled claims, but he failed to file the divisional application. He sought to regain the cancelled claims via reissue. By acquiescing to the Examiner's restriction requirement, by deliberately cancelling claims during original prosecution and by failing to file a

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[4] Other substantive grounds existed for the invalidation of those patents. In *Newton*, the reissue claims also were invalidated because they covered prior art devices. This, of course, is not permitted.

In *Gage*, this Court found no error because the original patent specification did not disclose the invention claimed in the reissue.

divisional application, Weiler was barred from broader reissue protection.[5] *See id.* at 1582-83.

Stein's reliance on *Hewlett-Packard Co. v. Bausch & Lomb Inc.*, 882 F.2d 1556 (Fed. Cir. 1989), is likewise misplaced because it involved a "narrowed" reissue patent application. The decision stresses this fact and indicates that, because the narrower claims were necessarily encompassed within the scope of the original claims of the earlier application, they were effectively abandoned during the original prosecution. *See id.* at 1566.

The *Hester* case involves an entirely different situation. Here, the broadened reissue patent claims were never even considered during the original prosecution. Indeed, *Hewlett-Packard* specifically distinguished the narrowed patent reissue situation (where "error" cannot be found) from the broadened reissue case (where "error" is found). *See id.* (citing *Ball Corp. v. United States*, 729 F.2d 1429, 1435-36 (Fed. Cir. 1984)). Hester's broadened reissue patents fall squarely within the *Ball* precedent.

Finally, Stein relies upon *Texas Instruments Inc. v. United States International Trade Commission*, 988 F.2d 1165 (Fed. Cir. 1993) and the cases cited in footnote 7. Those decisions did not involve any attorney arguments that were alleged to constitute the "error" supporting reissue.

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[5] The comments in *Weiler* relating to claims 13 and 19 show that those claims failed to satisfy the "intent to claim" (same invention) test of *U.S. Industrial Chemicals, Inc. v. Carbide & Carbon Chemicals Corp.*, 315 U.S. 668 (1942). However, *Weiler* was decided prior to *In re Amos*, 953 F.2d 613, 617-19 & n.2 (Fed. Cir. 1991), wherein the Federal Circuit held that the 1952 Act eliminated "intent to claim" as a separate requirement. *See also Hester Indus.*, 142 F.3d at 1484-85.

Consequently, they are not relevant to this case or to 35 U.S.C. § 251.[6] Moreover, they fail to discuss or apply the "intervening rights" test mandated under Section 252.

Thus, reissue law is uniform that recapture arises only by virtue of a claim amendment or cancellation during patent prosecution. *See, e.g., Mentor Corp. v. Coloplast, Inc.*, 998 F.2d 992, 995-96 (Fed. Cir. 1993).

Third, Stein does not dispute that the current Rules of Practice at the USPTO only invoke the recapture rule where patent claims were amended or cancelled during the prosecution of the patent application. *See* Section 1412.02 of the *Manual of Patent Examining Procedure* (6th ed. rev. 3 1997). Rather, Stein attempts to confuse the issue by citing a recent change in USPTO Rules that eliminates the need for the reissue applicant to make a showing of "error." While this is intellectually interesting, the fact that a reissue applicant no longer needs to provide a factual basis for the "error" is totally unrelated to the application of the recapture doctrine under Section 1412.02.

CONCLUSION

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[6] An underlying premise for the "liberal application" of the "error" language in 35 U.S.C. § 251 is the recognition that a patent owner should not be penalized due to the mistakes of its attorney or the failure of the inventor to understand the complexity of patent law with respect to drafting the patent claims and specification. *See In re Wilder*, 736 F.2d 1516, 1519 (Fed. Cir. 1984); *see also Topliff v. Topliff*, 145 U.S. 156, 171 (1892) ("The specification and claims of a patent ... constitute one of the most difficult legal instruments to draw with accuracy."). Here, the "error" was the argument of Hester's prior patent counsel. Under the reissue statute, Hester has a two-year "window" to correct that attorney "error" by filing a broadening reissue application.

No precedent from the legislative history, case law or USPTO Rules supports the holding that mere attorney argument can serve as the sole basis for invoking the recapture doctrine. Because the Federal Circuit has exclusive jurisdiction over patent disputes, this decision, unless reversed now, will be binding in all future patent litigation and upon the USPTO. As a result, this is the one and only time that this issue will be presented to this Court.

Moreover, the *Hester* decision will have an immediate, adverse impact upon patent practitioners and inventors. They will find themselves forever barred from correcting an "error" by virtue of the Federal Circuit's extension of the recapture doctrine to attorney arguments alone (i.e., in the absence of claim amendment or cancellation). In addition, the decision will invalidate hundreds of existing reissue patents so as to deprive inventors of their "exclusive Right to their ... Discoveries" under Art. I, Sec. 8, clause 8 of the Constitution.

Finally, *Hester* is one in a series of Federal Circuit decisions that inconsistently apply *Warner-Jenkinson*. The grant of this petition will permit the Court to clarify a critical area of patent law that has been confused by recent Federal Circuit decisions.

Respectfully submitted,

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